

Message Text

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CHEROKEE/FROM ROBINSON

E.O. 11652: GDS

TAGS: ENRG, PFOR, IR

SUBJECT: YOUR BREAKFAST MEETING WITH ANSARY,
FEBRUARY 15, 1976

1. AT YOUR BREAKFAST MEETING WITH ANSARY AND ROBINSON
AT THE RITZ CARLTON ON SUNDAY, FEBRUARY 15, THE FOLLOWING
MATTERS WERE DISCUSSED.
2. YOU EXCHANGED VIEWS WITH ANSARY ON OUR GENERAL POLICY
OF SOVIET CONTAINMENT. ANSARY REPORTED THAT THE SHAH
RECOGNIZES THE DIFFICULTY OF MAINTAINING A BALANCE BETWEEN
THE INTERESTS OF DETENTE WHILE AT THE SAME TIME BLOCKING
SOVIET AGGRESSION IN OTHER PARTS OF THE WORLD BUT FEELS
THAT YOUR PRESENT POLICIES ARE SOUND.
3. YOU DISCUSSED THE IMPORTANCE OF CONTINUED EFFORTS TO
STRENGTHEN US-IRAN RELATIONS AND RECONFIRMED THE IMPORTANCE
OF IRAN'S CONTINUED DEVELOPMENT OF MILITARY STRENGTH TO

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PRESERVE STABILITY IN THE GULF. IT WAS AGREED THAT NO

OTHER NATION WAS CAPABLE OF PERFORMING THIS TASK.

4. YOU SUPPORTED ANSARY'S VIEW THAT IRANIAN OIL EXPORTS SHOULD BE MAINTAINED AT A HIGH LEVEL TO PROVIDE FUNDS NECESSARY FOR PURCHASE OF US MILITARY EQUIPMENT. WE

CONSIDERED THREE ASPECTS OF THIS PROBLEM:

-- ANSARY INDICATED THAT IRAN WOULD PUSH THE CON-SORTIUM MEMBERS TO PURCHASE OIL AT THE PROJECTED LEVEL OF 4.9 MILLION BARRELS PER DAY. HE EXPRESSED CONCERN THAT THESE PURCHASES HAD FALLEN TO AS LOW AS 3.3 MILLION BARRELS A DAY RECENTLY BUT ADMITTED THAT TO SOME EXTENT THIS WAS THE RESULT OF A NON-COMPETITIVE PRICE FOR HEAVY CRUDE OIL. HE ACKNOWLEDGED THAT THERE WOULD BE A DECREASE OF 9.5 CENTS PER BARREL WHICH WAS AIMED AT OVERCOMING THIS DISADVANTAGE.

-- WE DISCUSSED OUR BILATERAL OIL PROJECT AND YOU MADE THE POINT THAT THE PROBLEM WAS LARGELY ONE OF NEEDING A GREATER DISCOUNT MARGIN TO ENCOURAGE THE SUPPORT OF FEA AND DOD. WE INDICATED THAT THE GENERAL PLAN WHICH EVOLVED OUT OF OUR DISCUSSION IN LONDON WAS ACCEPTABLE IN PRINCIPAL TO THE ADMINISTRATION BUT THAT WE HAD LEARNED SUBSEQUENTLY OF THE NEED FOR CONGRESSIONAL APPROPRIATION WHICH WOULD SUBJECT THE DEAL TO MORE CAREFUL SCRUTINY. THIS ALSO MADE IT MORE IMPORTANT THAT WE HAVE FULL SUPPORT OF DOD AND FEA IN THE CONGRESSIONAL HEARINGS WHICH WOULD BE NECESSARY TO OBTAIN THE APPROPRIATION. YOU MENTIONED THE POSSIBILITY OF A DISCOUNT OF AS MUCH AS A DOLLAR A BARREL TO WHICH ANSARY RESPONDED THAT WE HAVE NOT YET COMMENCED OUR NEGOTIATION OF THIS KEY ELEMENT OF THE TRANSACTION. IT WAS AGREED THAT WE WOULD NOT PUSH THIS PROGRAM FOR THE MOMENT, RECOGNIZING THE NEED TO GET RUMSFELD, ELLSWORTH AND ZARB ON BOARD BEFORE PROCEEDING WITH AN AGGRESSIVE EFFORT TO CONCLUDE THIS ARRANGEMENT.

-- IN THE MEANTIME, IT WAS AGREED THAT IRAN SHOULD PURSUE SWAP ARRANGEMENTS WITH INDIVIDUAL US COMPANIES
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SUPPLYING MILITARY EQUIPMENT. ROBINSON REPORTED THAT HE HAD MET WITH REPRESENTATIVES OF THESE COMPANIES TO ASSURE STATE SUPPORT BUT STRESSED THAT DECISIONS ON THE PART OF THE INDIVIDUAL COMPANIES WOULD HAVE TO BE ON A STRICTLY COMMERCIAL BASIS. IT WAS AGREED THAT THE USG SHOULD NOT BECOME DIRECTLY INVOLVED AS THESE NEGOTIATIONS WERE LIKELY TO BECOME PUBLIC KNOWLEDGE AND WE COULD BE SUBJECT TO CRITICISM IF WE WERE TO PLAY A MORE DIRECT ROLE.

5. WE DISCUSSED WAYS IN WHICH WE COULD GAIN GREATER SUPPORT FOR IRAN ON THE PART OF DOD AND FEA. IT WAS AGREED THAT ANSARY WOULD PLAN TO RETURN TO WASHINGTON AFTER THE FLORIDA PRIMARY AND PERHAPS BY MID-MARCH. AT THAT TIME YOU WOULD ATTEMPT TO ARRANGE:

-- A MEETING WITH THE PRESIDENT FOR DISCUSSION OF OVER-ALL US-IRAN RELATIONS AND THE IMPORTANCE OF CONTINUED US SUPPORT FOR IRAN'S EXPANDING MILITARY CAPABILITY.

-- THIS WOULD BE FOLLOWED BY A SMALL DINNER AFFAIR WITH RUMSFELD, ELLSWORTH AND ZARB IN AN EFFORT TO GIVE DOD AND FEA A SENSE OF PARTICIPATION IN OUR RELATIONSHIPS WITH IRAN.

6. THERE FOLLOWED A MEETING BETWEEN YOU AND ANSARY ALONE WHICH HE HAD REQUESTED FOR A DISCUSSION OF PERSONAL MATTERS. KISSINGER

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